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DRUG CONTROL

Counternarcotics Efforts in Mexico



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The Honorable Charles E. Grassley
Chairman, Caucus on International
Narcotics Control
United States Senate

The Honorable William H. Zeff, Jr.
Chairman, Subcommittee on National Security,
International Affairs, and Criminal Justice
Committee on Government Reform and Oversight
House of Representatives

As you requested, we reviewed counternarcotics activities in Mexico. This report discusses (1) the nature of the drug-trafficking threat from Mexico, (2) Mexican efforts to counter drug-trafficking activities, (3) the U.S. strategy and programs intended to stem the flow of illegal drugs through Mexico, and (4) recent initiatives by the United States and Mexico to increase counternarcotics activities. We did not review U.S. efforts to interdict drugs at the border.

Background

Mexico is the primary transit country for cocaine entering the United States from South America as well as a major source country for heroin, marijuana and, more recently, methamphetamine. U.S. law enforcement efforts in the southeastern United States and the Caribbean during the mid-1980s caused cocaine traffickers to expand routes to the drug markets in the United States. The traffickers' preferred routes were through Mexico, a country with a 2,000-mile border with the United States, a 30-year history of heroin and marijuana smuggling, and the existence of cross-border family ties. The Drug Enforcement Administration (DEA) estimates that up to 70 percent of the cocaine entering the United States currently transits Mexico.

Since 1977, we have issued four reports that examined various aspects of U.S. and Mexican efforts to control drug production and trafficking.¹ Many of the problems discussed in those reports continue to adversely affect

¹Opium Eradication Efforts in Mexico: Cautious Optimism Advised (GAO/GGD-77-6, Feb. 18, 1977); Gains Made in Controlling Illegal Drugs, Yet the Drug Trade Flourishes (GAO/GGD-80-4, Oct. 25, 1979); Drug Control: U.S.-Mexican Opium Poppy and Marijuana Aerial Eradication Program (GAO/NSIAD-88-73, Jan. 11, 1988); and Drug Control: Revised Drug Interdiction Approach Is Needed in Mexico (GAO/NSIAD-93-152, May 10, 1993).

Drug Control:
Counter Narcotics
Efforts in Mexico

current drug control efforts in Mexico. In our June 1995 testimony² on U.S. efforts to stop the flow of drugs from cocaine producing and transit countries, we highlighted problems in such areas as changes in the U.S. drug interdiction strategy; competing foreign policy objectives at some U.S. embassies; coordination of U.S. activities; management and oversight of U.S. assets; and willingness and ability of foreign governments to combat the drug trade. This report updates our prior work on drug control efforts in Mexico.

Results in Brief

Mexico continues to be a major transit point for cocaine, heroin, marijuana, and methamphetamine entering the United States. In addition, drug traffickers have changed their preferred mode of transportation for moving cocaine into Mexico, decreasing the use of aircraft and increasing the use of maritime vessels. Currently, maritime vessels are used to move an estimated two-thirds of the cocaine entering Mexico.

Mexico eradicated substantial amounts of marijuana and opium poppy crops in 1995. However, U.S. and Mexican interdiction efforts have had little, if any, impact on the overall flow of drugs through Mexico to the United States. The amount of cocaine seized and the number of drug-related arrests in Mexico have declined. The current government of Mexico appears committed to fighting drug trafficking, but, according to U.S. officials, its efforts are hampered by pervasive corruption of key institutions, economic and political problems, and limited counternarcotics and law enforcement capabilities.

The current U.S. strategy in Mexico, initially developed in 1991, focuses on strengthening the political commitment and institutional capability of the Mexican government, targeting major drug-trafficking organizations, and developing operational initiatives, including the interdiction of drugs. In late 1993, the United States revised its international cocaine strategy from one that focused activities and resources on intercepting drugs as they move through the transit region of Central America, Mexico, and the Caribbean to one of stopping cocaine at its source of production in South America.

U.S. counternarcotics activities in Mexico and the transit zone have declined since 1992. Multiple-agency drug interdiction funding for the transit zone, including Mexico, declined from about \$1 billion in fiscal year

²Drug War: Observations on the U.S. International Drug Control Strategy (GAO/T-NSIAD-95-182, June 27, 1995).

1992 to about \$570 million in fiscal year 1995. The U.S. assistance program in Mexico has been negligible since Mexico initiated its policy of refusing nearly all U.S. counternarcotics assistance in early 1993. Staffing cutbacks in the Department of State's Narcotics Affairs Section at the U.S. Embassy in Mexico City have limited U.S. capabilities to monitor previously funded U.S. assistance, primarily helicopters and spare parts.

Since our June 1995 testimony, a number of events have occurred that could greatly affect future drug control efforts by the United States and Mexico. First, drug control issues have been elevated in importance at the U.S. embassy and a drug control operating plan with measurable goals has been developed for U.S. agencies in Mexico. Second, the government of Mexico has recently signaled a willingness to develop a mutual counternarcotics assistance program. Third, the Mexican government has taken some action on important law enforcement and money laundering legislation. Fourth, the United States and Mexico have created a framework for increased cooperation and are currently developing a new binational strategy. Following through on all of these efforts is critical if the United States and Mexico are to increase their ability to combat drug trafficking in Mexico.

The Drug Threat From Mexico Continues to Be a Major Problem

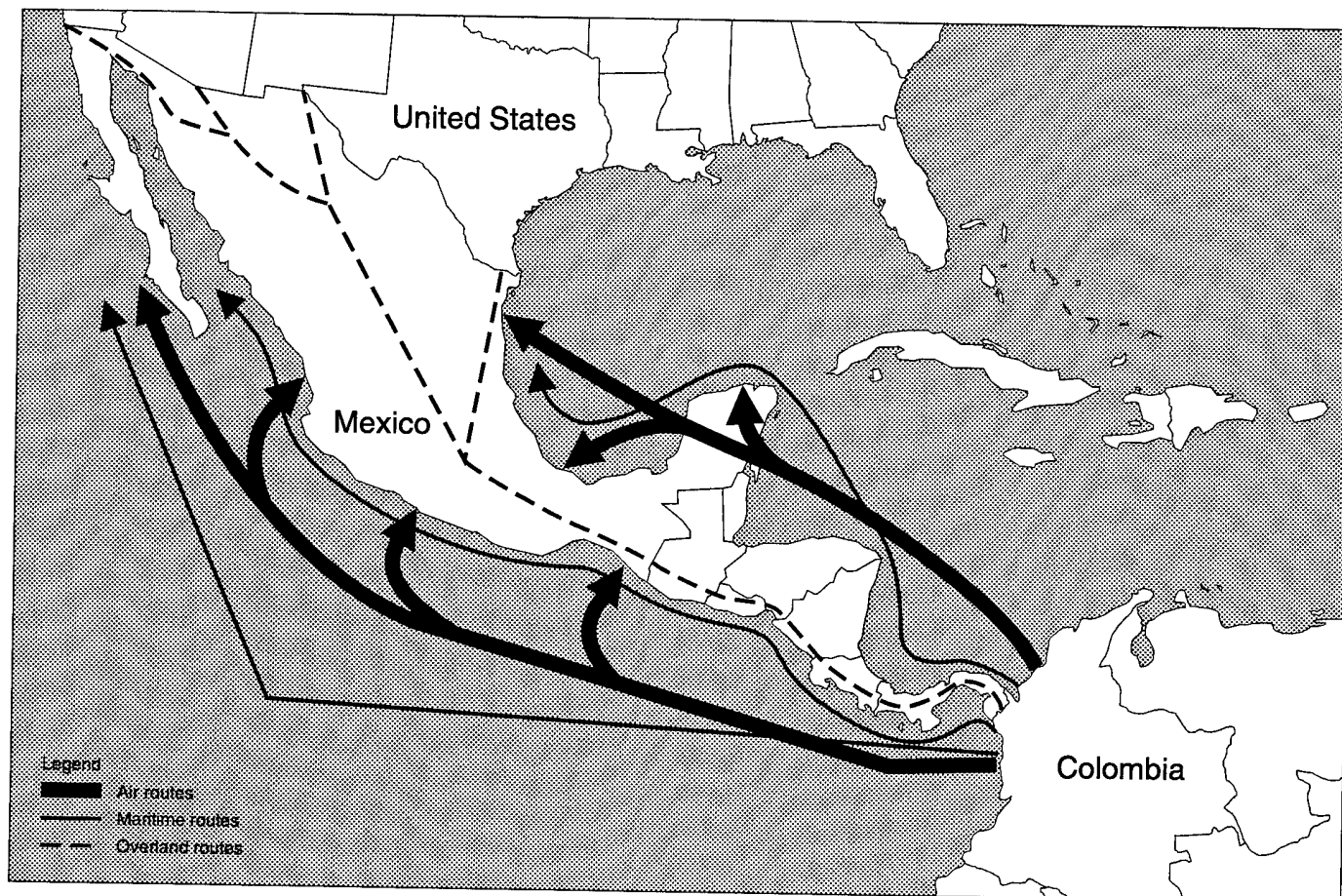
The importance of Mexico to U.S. drug control efforts is best described by the Department of State, which reported in March 1996 that "... no country in the world poses a more immediate narcotics threat to the United States than Mexico." This view was reiterated by the Administrator of DEA, who testified in August 1995 that Mexico was "... pivotal to the success of any U.S. drug strategy." It is estimated that up to 70 percent of the more than 300 tons of cocaine that entered the United States in 1994 transited Mexico. DEA estimates that, at any one time, from 70 to 100 tons of cocaine are stockpiled in Mexico for movement into the United States. In its March 1996 International Narcotics Control Strategy Report, the Department of State estimated that Mexico supplies 20 to 30 percent of the heroin, which is the predominate form of heroin available in the western half of the United States, and up to 80 percent of the foreign-grown marijuana consumed in the United States. Mexican drug-trafficking organizations also dominate the U.S. methamphetamine trade and are major figures in the diversion of precursor chemicals necessary for the manufacture of methamphetamine.

Narcotics traffickers use a variety of air, land, and sea conveyances and routes to move cocaine from Colombia (the world's largest manufacturer)

to Mexico. Cocaine shipments are then moved overland through Mexico and across the U.S.-Mexican border. (See fig. 1.) Since the early 1990s, some traffickers have begun to use jet cargo aircraft that are larger and faster than the private aircraft used in the late 1980s. As we recently reported,³ traffickers in the Caribbean have changed their primary means of delivery and are increasingly using commercial and noncommercial maritime vessels (such as go-fast boats, sailing and fishing vessels, and containerized cargo ships) to transport drugs through the transit zone. According to officials at the U.S. Embassy in Mexico City, about two-thirds of the cocaine currently entering Mexico is transported by maritime means. Department of Defense (DOD) records show that the number of known drug-trafficking events involving aircraft in the transit zone declined by about 65 percent from 1992 to 1995 and that known maritime drug-trafficking events increased by about 40 percent from 1993 to 1995. The U.S. Embassy in Mexico City reported that 15 known air-trafficking events were detected in Mexico during 1995.

³Drug Control: U.S. Interdiction Efforts in the Caribbean Decline (GAO/NSIAD-96-119, Apr. 16, 1996).

Figure 1: Primary Drug-Trafficking Routes From Colombia to Mexico



Source: Drug Enforcement Administration.

Drug traffickers respond quickly to interdiction operations by adjusting their delivery routes and means of transport. Some traffickers have begun to use aircraft not ordinarily associated with cocaine movement, such as commercial jets and air cargo aircraft, and maritime vessels to move drugs into Mexico. Traditionally, traffickers have relied on twin-engine general aviation aircraft to deliver cocaine shipments that ranged from 800 to 1,000 kilograms. Beginning in 1994, however, some trafficking groups began using larger Boeing 727-type jet aircraft that could fly faster than U.S. and Mexican detection and monitoring aircraft and deliver up to

10 metric tons of cocaine per trip. To date, there have been eight known deliveries using this means of transport.

During the past 3 years, Mexican trafficking organizations operating on both sides of the border have replaced U.S.-based outlaw motorcycle gangs as the predominant methamphetamine manufacturers and traffickers in the United States. DEA estimates that up to 80 percent of the methamphetamine available in the United States is either produced in Mexico and transported to the United States or manufactured in the United States by Mexican traffickers. Methamphetamine seizures in Mexico have grown from a negligible amount in 1992 to 495 kilograms in 1995. Also, the amount of methamphetamine seized along the border rose from 6.5 kilograms in 1992 to 665 kilograms in 1995. Unlike cocaine, Mexican drug-trafficking organizations control the production and distribution of methamphetamine and, because they have complete control, they retain 100 percent of the profits.

In recent years, drug-trafficking organizations in Mexico have become more powerful as they have expanded their operations to include not only the manufacture and distribution of methamphetamine but also the trafficking and distribution of cocaine in the United States. Initially, Mexican drug-trafficking organizations acted as transportation agents for Colombian organizations and only smuggled cocaine across the U.S. border. As they became the key transporters for the Colombians, the Mexicans began to demand and receive a portion of the drug shipment for their services. According to DEA, Mexican drug-trafficking groups often receive up to half of a cocaine shipment for their services. This has resulted in Mexican drug-trafficking groups substantially increasing their profits and gaining a foothold in the lucrative cocaine wholesale business in the United States. According to DEA, Mexican drug traffickers have used their vast wealth to corrupt police and judicial officials as well as project their influence into the political sector. The Administrator of DEA recently testified that some of Mexico's major drug-trafficking organizations have the potential of becoming as powerful as their Colombian counterparts.

Proximity to the United States, endemic corruption, and little or no regulation have combined to make Mexico a money-laundering haven for the initial placement of drug profits into the world's financial system. Once placed in the Mexican financial system, funds can be transferred by wire to virtually anywhere in the world. Mexico is also the most important transit point for bulk money shipments from the United States to the drug-trafficking organizations in Mexico and Colombia. Mexican officials

estimated that billions of dollars in drug proceeds were repatriated by Mexican drug-trafficking organizations in 1994, and the total amount moved into Mexico for eventual repatriation to Colombia was much higher.

Problems in Mexico Impede Efforts to Curb the Flow of Drugs

Mexico eradicated substantial amounts of marijuana and opium poppy crops in 1995 but other counternarcotics activities, including cocaine seizures and arrests of traffickers, have declined since 1992. Mexico's efforts to stop the flow of drugs have been limited by numerous problems. These problems include widespread, endemic corruption; economic and political difficulties encountered by the government of Mexico; the absence of some legislation necessary to provide a complete foundation for a meaningful counternarcotics effort; and inadequate equipment and training that limit Mexico's capabilities to detect and interdict drugs and arrest drug traffickers.

In January 1993, the government of Mexico initiated a policy to conduct its own counternarcotics activities, assumed most of the costs of the counternarcotics effort and refused most forms of U.S. drug-control assistance. This policy, commonly known as the "Mexicanization" of the drug effort, has resulted in major reductions in the U.S. counternarcotics assistance program in Mexico. During this period, Mexico has seized only about half as much cocaine and made only about a third as many drug-related arrests.

Illegal Drugs Continue to Enter the United States Despite Mexican Efforts

Despite Mexico's counternarcotics efforts, the amount of cocaine seized and the number of drug-related arrests in Mexico have declined from 1993 to 1995 compared to those before U.S. assistance was curtailed. The average annual amount of cocaine seized in Mexico from 1990 to 1992 was more than 45 metric tons, including more than 50 metric tons in 1991. In contrast, from 1993 to 1995, average cocaine seizures declined to about 30 metric tons annually, including about 22 metric tons in both 1994 and 1995. The number of drug-related arrests in Mexico in 1992 was about 27,600 persons whereas, by 1995, the number had fallen to about 9,900—a decline of nearly two-thirds. In commenting on this report, the Department of State attributed the decline in the number of arrests to a change in emphasis that focused on arresting major drug traffickers. For example, in January 1996, Mexico arrested Juan Garcia-Abrego, reputed leader of one of Mexico's drug cartels, and expelled him to the United States for prosecution.

Mexico has made some efforts in counternarcotics. For example, Mexican military personnel have increased their participation in combating illicit drugs and destroying illegal airfields. The Mexican Army has traditionally been involved in the manual eradication of illicit drug crops. During 1995, the Mexican government reported that more than 7,000 soldiers worked full time on drug eradication programs and, during peak growing seasons, the number of soldiers working on these programs grew to 11,000. Army personnel are assigned to remote growing areas for short-term (90-day) tours during which they manually cut down, uproot, and burn opium poppy and marijuana plants and patrol rural areas to halt the transportation of these and other illicit drugs. According to the Department of State, Mexican personnel effectively eradicated 29,000 acres of marijuana and almost 21,000 acres of opium poppy during 1995.

As a further indication of increasing the role of the military, President Zedillo directed the Mexican Air Force to use its F-5 fighter aircraft to assist the Attorney General's Office in air interdiction efforts in 1995. However, assigning the aircraft to an interdiction mission may not have an immediate impact because, according to U.S. officials, deficiencies in the capabilities and maintenance of the F-5s, as well as poorly trained pilots and mechanics, limit the effectiveness and possibilities of success of the Mexican Air Force in this new mission.

Corruption Continues to Limit the Success of Counternarcotics Efforts

The Department of State reports that pervasive corruption continues to seriously undermine counternarcotics efforts in Mexico. In addition, the Administrator of DEA testified in March 1996 that Mexican drug-trafficking organizations have become so wealthy and powerful that they can rival legitimate governments for influence and control. While drug-related corruption exists on both sides of the border, the Department of Justice believes that it is more prevalent in Mexico than in the United States. After taking office in late 1994, Mexican President Zedillo directed the Mexican military—widely perceived to be the least corrupt government institution—to expand its involvement in attempting to stop narcotics-related corruption. Following an investigation that revealed extensive corruption within the Mexican federal judicial police forces in the state of Chihuahua, a contingent of Mexican Army officers and a number of civilian personnel employed by the Mexican military were reassigned to replace 60 judicial police personnel in December 1995. According to Mexican officials, the deployment of Army personnel is not a short-term quick fix but, rather, a commitment to remain in Chihuahua until rampant police corruption is brought under control.

Despite the efforts that President Zedillo has undertaken since late 1994, U.S. and Mexican officials told us that corruption in Mexico is still widespread within the government and the private sector. They added that corruption can be found within many government agencies, but it is especially prevalent within law enforcement organizations, including the Mexican federal judicial police and other police forces. Mexican federal and state police personnel have reportedly participated in the movement of drugs, including one instance in November 1995 in which federal and state personnel off-loaded a cargo jet laden with from 6 to 10 metric tons of cocaine. In another instance, 34 federal judicial police personnel were arrested by the Mexican Army in June 1995 when they were found to be protecting a major drug trafficker. Another example occurred in March 1995 when 16 officers of the National Institute for Combatting Drugs (the Mexican equivalent of DEA) were arrested for accepting cocaine and cash to allow a 1.2-metric ton shipment of cocaine to proceed.

Drug-related corruption is not limited to federal police personnel. As we indicated in our June 1995 testimony, many local police officers are susceptible to corruption because they earn very low salaries. Sometimes, their salaries are equivalent to only about \$3 per day, which is not enough to provide many of their families' basic needs. More recent reports indicate that the take-home pay of a foot patrolman in Mexico City is about \$6 per day—an increase since June 1995, but still much too low to reduce susceptibility to corruption.

President Zedillo has openly acknowledged the problems created by corruption, publicly stated his commitment to stopping it, and taken some actions to reduce it. Within the Office of the Attorney General, these actions include restructuring the Office to facilitate counternarcotics efforts, increasing the amounts of staff and equipment, and undertaking extensive training programs. Within the Ministry of Finance, a separate Money Laundering Directorate was created to enhance the government's investigative capabilities and improve its auditing procedures to identify drug-generated cash.

Despite these efforts, counternarcotics efforts continue to face major obstacles in Mexico because, according to one U.S. law enforcement official, corruption has been part of the social and cultural fabric of Mexico for generations. In addition, the Department of State reported in March 1996 that endemic corruption continued to undermine both policy initiatives and law enforcement operations. Moreover, the Mexican

Attorney General stated that addressing the deep-rooted problems of corruption would take all 6 years of President Zedillo's term in office.

Economic and Political Problems Limit Mexico's Counternarcotics Efforts

Since 1992, the Mexican government has confronted several major crises that have competed with drug control activities for government resources. U.S. officials have stated that these crises, both economic and political, have adversely affected the overall counternarcotics efforts. According to one U.S. official, the Mexican government neither publicly announces nor shares the actual funding levels for its counternarcotics programs with the United States. However, it is evident that a substantial amount of the Mexican government's attention and resources have been focused on concerns other than counternarcotics.

In December 1994, Mexico experienced a major economic crisis—a devaluation of the peso that eventually resulted in a \$20-billion U.S. financial assistance package. Further erosion in the peso's value resulted in a decline to approximately one-half of its pre-crisis value. In addition, the rate of unemployment was 17 percent in October 1995, and it is projected to be 13 percent for 1996. Furthermore, high rates of inflation—projected to range from 27 to 29 percent in 1996—have continued to limit Mexico's economic recovery.

In addition to economic concerns, Mexico had to focus funds and resources in the southern state of Chiapas on its effort to suppress an insurgency movement. In doing so, the government required the use of Mexican military, police, other personnel, equipment, and resources that might otherwise have been used for counternarcotics purposes.

Mexico Has Lacked Some Important Legislative Tools for Curbing Drug-Related Activities

Mexico has lacked some of the basic legislative tools necessary to combat drug-trafficking organizations at the law enforcement level. According to the Department of State, the use of wiretaps, confidential informants, and a witness protection program was included in legislation recently passed by the Mexican Congress. These essential tools, according to DEA, have been used by U.S. law enforcement agencies to successfully combat organized crime within the United States. Also, until May 1996, the laundering of drug profits was not a criminal offense in Mexico.

U.S. officials in Mexico City told us that enacting strong legislation that criminalizes money laundering and requires the reporting of large currency transactions will not, in and of itself, ensure success in reducing or

eliminating money laundering. They estimated that, at best, it will take at least 5 years before substantial reductions in money laundering can occur. They also said that banks and other financial institutions continue to strongly resist the reporting requirements because of the additional costs and administrative burdens of handling and processing the reports. In addition, according to U.S. officials, large numbers of personnel from both the government and the private sector would have to be trained to prepare the currency transaction reports, and the government would need to train qualified financial investigators to monitor and enforce the transaction requirements. Despite the additional costs, administrative burden, and training that would be required, most U.S. and Mexican officials we contacted believe that a reduction in money laundering cannot be accomplished without enacting, implementing, and enforcing such reporting requirements.

Moreover, until May 1996, Mexico's laws lacked sufficient penalties to effectively control precursor chemicals that are used to manufacture methamphetamine. According to U.S. officials, the ineffective penalties encouraged potential traffickers to use Mexico to transship ephedrine, pseudoephedrine, and other chemicals from their manufacturers, many located in Europe, to U.S. and Mexican methamphetamine laboratories. To counter the growing threat posed by these chemicals, the United States encouraged Mexico to adopt strict chemical control laws.

Equipment Shortcomings and Inadequately Trained Personnel Limit Mexico's Capabilities

The counternarcotics capabilities of the Mexican government to detect and interdict drugs and drug traffickers, as well as to aerially eradicate drug crops, are hampered by aircraft that are sometimes inadequately equipped and by aircraft and equipment that are poorly maintained because of spare parts' shortages. The Office of the Attorney General and the Mexican Air Force have over 150 aircraft, including F-5 fighter aircraft and UH-1H helicopters, and a variety of equipment for interdiction and eradication operations. According to U.S. officials, many of the F-5 jets have only a small chance of successfully interdicting drug-trafficking aircraft because they do not have operational radar units and are not configured for night-vision operations. Equipment, such as global positioning systems and radios that are used in eradication operations, is frequently inoperable and poorly maintained.

In addition to equipment problems, some Mexican pilots, mechanics, and technicians are not adequately trained, thus limiting Mexico's effectiveness in performing counternarcotics activities. Department of

State officials view the Office of the Attorney General's UH-1H pilots as well-trained and disciplined. However, many F-5 pilots receive only a few hours of proficiency training every month, which is considered not nearly enough to maintain flying skills needed for interdiction. In addition, the officials told us that many mechanics and technicians lack the necessary skills to keep equipment operable because of insufficient training.

U.S. Counternarcotics Programs in Mexico Have Declined Since 1992

Relative to the threat posed by narcotics produced in and transported through Mexico and the pivotal role Mexico plays in the success of any U.S. drug control strategy, the size of the U.S. counternarcotics effort in Mexico is extremely small. Before 1992, Mexico was the largest recipient of U.S. counternarcotics assistance, as it received about \$237 million between fiscal years 1975 and 1992. In fiscal year 1992, the United States provided about \$45 million in assistance that included the provision of excess helicopters, military aviation training, funding of the maintenance of Mexico's antinarcotics air fleet, construction of a new maintenance facility, support for the manual and aerial eradication of marijuana and opium poppy, demand reduction and education programs. In early 1993, the Mexican government assumed nearly all the costs associated with the counternarcotics effort in Mexico. Since then, U.S. assistance has sharply declined and, in fiscal year 1995, amounted to only \$2.6 million, most of which was for spare helicopter parts.

U.S. Policy Decisions Affect Drug Control Efforts in the Transit Zone and Mexico

With the November 1993 issuance of Presidential Decision Directive Number 14, the United States changed the focus of its international drug control strategy from interdicting cocaine as it moved through the transit zone of Mexico and the Caribbean to stopping cocaine in the source countries of Bolivia, Colombia, and Peru, before the drug could reach the transit zone. To accomplish this, drug interdiction resources were to be reduced in the transit zone while, at the same time, increased in the source countries.

As discussed in our April 1996 report, DOD and other agencies involved in drug interdiction activities in the transit zone began to see major reductions in their drug interdiction resources and capabilities in fiscal year 1993. Table 1 shows the funding levels for those agencies and the reductions that have occurred since issuance of the presidential directive.

Table 1: Counternarcotics Funding in the Transit Zone (fiscal years 1992-95)

| Dollars in millions | | | | |
|---------------------|------------------|----------------|----------------|----------------|
| Agency | 1992 | 1993 | 1994 | 1995 |
| DOD | \$504.5 | \$426.0 | \$220.4 | \$214.7 |
| Coast Guard | 443.9 | 310.5 | 314.4 | 301.2 |
| Customs | ^a | 16.2 | 12.5 | 12.8 |
| DEA | 28.8 | 29.1 | 28.7 | 29.6 |
| State | 36.2 | 14.0 | 7.9 | 10.6 |
| Total | \$1,013.4 | \$795.8 | \$583.9 | \$568.9 |

^aCustoms data for 1992 was unavailable.

Source: Indicated federal agencies.

According to the Department of State, U.S. efforts in Mexico are guided by an interagency strategy developed in 1991. The strategy focused on strengthening the political commitment and institutional capability of the Mexican government, targeting major drug-trafficking organizations, and developing operational initiatives, including the interdiction of drugs. Key components of the strategy were dependent upon Department of State funding, which was reduced in January 1993 when the Mexican government assumed most counternarcotics costs. Since then, the Department of State's counternarcotics programs and staff in Mexico have experienced major reductions. For example, the Narcotics Affairs Section⁴ has received no new program funding since fiscal year 1992, and the size of its staff has been reduced from 17 to 7. According to U.S. officials, the Narcotics Affairs Section has been operating on unexpended prior-year and pipeline funds. In contrast, U.S. Customs Service and DEA operations in Mexico have not been reduced because their programs consist primarily of the costs of (1) salaries for U.S. employees, (2) equipment used by U.S. personnel, and (3) the development of drug-related information and intelligence.

Despite the virtual absence of a U.S. counternarcotics assistance program in Mexico during the past 3 years, the United States has provided some limited training and equipment to the Mexican government. For example, DOD recently provided \$1.8 million in emergency spare parts to support helicopters that had been provided previously by the United States.

⁴Overall responsibility for U.S. international narcotics control efforts rests with the Secretary of State. The Department's responsibilities, carried out by its Bureau of International Narcotics and Law Enforcement Affairs, include policy development and program management, diplomatic initiatives, and assistance for crop control, interdiction and related enforcement activities. The Bureau is represented in Mexico City by the Narcotics Affairs Section.

In addition to the U.S. programs discussed above, the United States provides indirect support for counternarcotics efforts in Mexico. This support includes sharing with Mexican officials the results of some DOD and Customs detection and monitoring activities in South America and Central America, and some data developed by the counternarcotics intelligence community.

U.S. Ability to Monitor Its Assistance Has Declined

According to officials at the U.S. Embassy in Mexico City, reductions in the size of the U.S. counternarcotics program have resulted in corresponding decreases in the number of staff available to monitor how U.S.-provided helicopters and other types of U.S. assistance are being used. To ensure that U.S.-provided military assistance is properly maintained and not misused, section 505 of the Foreign Assistance Act of 1961, as amended, sets forth certain assurances that recipient governments must make before the United States can transfer defense-related commodities and services. Among other things, these assurances permit continued U.S. access to the asset, provide for the security of the asset, and prevent the sale of the asset without U.S. approval. The Mexican government, however, has objected to direct U.S. oversight requirements. In some instances, the Mexican government has refused to accept assistance that was contingent on its signing such an agreement. In other instances, this position resulted in lengthy negotiations between the two countries to develop agreements that satisfied the requirements of section 505 and were sensitive to Mexican concerns about national sovereignty. As we reported in 1993, these delays resulted in Mexico receiving only about 60 percent of the \$43 million in emergency U.S. counternarcotics assistance authorized in 1990 and 1992.

Before the Mexicanization policy, the Department of State employed several advisers who were stationed at the aviation maintenance center in Guadalajara and the pilot training facility in Acapulco. One of their duties was to monitor the use of the numerous U.S.-provided helicopters, which are dispersed throughout Mexico, and the inventory of aviation spare parts. The advisers would periodically report their end-use monitoring observations to the Narcotics Affairs Section at the U.S. Embassy in Mexico City. The advisers and embassy personnel also discussed their observations with representatives from Bell Helicopter, which the Department of State had contracted to maintain the Mexican counternarcotics air fleet.

With the advent of the Mexicanization policy, the number of State Department Foreign Service and contract personnel was greatly reduced and the aviation maintenance contract was awarded by the Mexican government. As a result, the State Department currently has fewer personnel in the field to review operational records and monitor how the 30 U.S.-provided helicopters are being used. According to U.S. officials, the embassy relies heavily on biweekly reports submitted by the Mexican government that typically consist of a map of Mexico with the state to which a helicopter is deployed highlighted and a listing of helicopters that are inoperative at the time of the report. Unless they request specific operational records, U.S. personnel have little way of knowing if the helicopters are being properly used for counternarcotics purposes or are being misused.⁵ Embassy officials told us that helicopter operational records have been requested and received on only one occasion in the past 8 months to provide information to visiting U.S. officials.

Limitations in U.S. Interdiction Efforts

Drug traffickers have traditionally used aircraft to move drug shipments from Colombia to the staging areas of Mexico. To respond to aircraft movements, DOD has devoted extensive resources to detecting and monitoring suspicious aircraft as they fly from South America to staging areas outside of the United States. The 1993 change in the U.S. drug interdiction strategy reduced the detection and monitoring assets in the transit zone. According to officials at the U.S. Embassy in Mexico City, this reduction creates a void in the radar coverage, and some drug-trafficking aircraft are not being detected as they move through the eastern Pacific Ocean. As an example, the embassy cited the November 1995 flight of a Caravelle cargo jet to Baja California. The jet reportedly contained 6 to 10 tons of cocaine and U.S. officials did not know that it was a drug-related flight until 2 days after it landed.

DOD officials acknowledge that radar voids have always existed throughout the transit zone and the eastern Pacific area. These voids are attributable to the vastness of the Pacific Ocean and the limited range of ground- and sea-based radars. As a result, DOD officials believe that existing assets must be used in a "smarter" manner rather than flooding the area with expensive vessels and ground-based radars, which are not currently available.

⁵In the past, the Mexican government has misused some U.S.-provided counternarcotics helicopters. For example, during the 1994 uprising in the Mexican state of Chiapas, several U.S.-provided helicopters were used to transport Mexican military personnel to the conflict, which was a violation of the transfer agreement.

In Mexico, U.S. assistance and DEA activities have focused primarily on interdicting trafficking aircraft as they deliver their drug cargoes. However, as discussed previously, traffickers are increasingly using commercial and noncommercial maritime conveyances to move drugs into Mexico. Commercial maritime smuggling primarily involves moving drugs by containerized cargo ships. Noncommercial maritime smuggling involves either "mother ships" that depart Colombia and rendezvous with either fishing vessels or smaller craft that, in turn, smuggle cocaine into a Mexican port, or "go-fast" boats that depart from Colombia and make a direct run to Mexico's Yucatan Peninsula. According to officials at the U.S. Embassy in Mexico City, about two-thirds of the cocaine currently entering Mexico is transported by maritime means.

Efforts to address the maritime movement of drugs into Mexico are minimal, when compared to the increasing prevalence of this mode of trafficking. According to officials at the U.S. Embassy, the Mexican government is developing a port inspection unit and the Mexican Navy is involved in patrolling the Mexican coast and navigable rivers, boarding suspect vessels, and eradicating illicit crops in coastal regions. The U.S. program for addressing this problem is also small and consists mainly of monitoring some ship movements and providing training to Mexican naval personnel. The U.S. program is based on prior explicit intelligence on the movement of drug carrying vessels. DOD officials told us that without prior intelligence, the detection and monitoring of ships is impossible since thousands of fishing, commercial, and other vessels are found in sea lanes between Colombia and Mexico daily.

Department of State officials believe that Mexican maritime interdiction efforts would benefit from training offered by the Customs Service and the Coast Guard in port inspections and vessel boarding practices. However, according to DOD, Mexican law and custom have limited the amount of interaction between the Mexican Navy and these two U.S. agencies in the past. Department of State officials note that the degree to which the Mexican Navy becomes involved in drug control efforts will be an indicator of the political will of the country to address the drug-trafficking problem.

Recent Efforts to Address Bilateral Drug Control Issues

Since our June 1995 testimony, a number of events have occurred that could affect future drug control efforts by the United States and Mexico. First, the importance of drug control issues at the U.S. Embassy in Mexico City has been elevated, and the embassy has developed a drug control plan

that focuses the efforts of all U.S. agencies in Mexico on specific goals and objectives. Second, the Mexican government has enacted legislation that strengthens fiscal regulations governing financial institutions and other legislation aimed at reducing money laundering. Third, according to U.S. officials, the Mexican government has signed a mutually acceptable section 505 transfer agreement that will cover future military equipment transfers. Fourth, the United States and Mexico have created a framework for increased cooperation and the development of a joint counternarcotics strategy.

The U.S. Embassy in Mexico City elevated counternarcotics from the fourth highest priority—its 1995 ranking—in its Mission Program Plan for Mexico to a top priority, which is shared with the promotion of U.S. business and trade. The U.S. Ambassador to Mexico told us that, because the immediacy of the North American Free Trade Agreement and the U.S. involvement in the financial support program for the Mexican economy have subsided, he has been able to focus a substantial amount of his attention on counternarcotics issues since mid-1995.

In July 1995, the U.S. Embassy in Mexico City developed a detailed embassywide counternarcotics plan for U.S. efforts in Mexico. The plan involves the activities of all agencies involved in counternarcotics activities at the embassy and focuses on (1) disrupting and dismantling Mexican drug cartels and their political allies, (2) reducing money laundering, (3) strengthening Mexican institutions, and (4) interdicting drug shipments and eradicating illicit crops. The plan also identifies several programs that the embassy believes will lead to attaining these goals, as well as specific program milestones and measurable objectives, and sets forth funding levels and milestones for measuring progress. The embassy estimated that it will require \$5 million in Department of State funds to implement this plan during fiscal year 1996. However, according to State Department officials, only \$1.2 million in counternarcotics funds will be available for efforts in Mexico during fiscal year 1996. Of this amount, about \$800,000 is expected to be used to support the Narcotics Affairs Section and \$400,000 is to fund a program to assist Mexico's judicial system. According to State Department officials, the fiscal year 1997 budget request includes \$5 million for the Department of State's narcotics control efforts in Mexico.

Senior Department of State officials do not believe there is a conflict between the policy of reducing the level of resources in the transit zone outlined in the presidential directive and current efforts to increase drug

interdiction assistance and resources to Mexico. These officials told us that the United States needs to pay special attention to drug control efforts in Mexico because (1) Mexico is the staging area for drugs entering the United States, (2) the influence of drug-trafficking organizations in Mexico has increased, and (3) the borders are relatively easy to cross.

After taking office in December 1994, President Zedillo declared drug trafficking "Mexico's number one security threat." As such, President Zedillo advocated legislative changes that could improve Mexico's ability to combat drugs and drug-related crimes. During the session that ended on April 30, 1996, the Mexican Congress enacted legislation that could improve some of Mexico's counternarcotics capabilities. Some of the newly enacted legislation is effective immediately and includes provisions that make money laundering a criminal offense within Mexico's penal code. However, other legislation to provide Mexican law enforcement agencies with some essential tools needed to arrest and prosecute drug traffickers and money launderers requires amending the Mexican constitution. These tools include the use of electronic surveillance and other modern investigative techniques that, according to U.S. officials, are very helpful in attacking sophisticated criminal organizations. Department of State officials told us that it appears likely that the amendments will be ratified in the near future—maybe as soon as the end of June 1996.

To date, the Mexican Congress has not addressed several other key issues that would support its counternarcotics efforts. These issues include a requirement that all financial institutions report large cash transactions through currency transaction reports. Although some U.S. officials disagree on the value of such reports, none dispute the point that currency transaction reports are useful tools that could deter and reduce money laundering. According to U.S. officials, various U.S. government agencies are working closely with Mexican officials to address the issue of currency transaction reports. However, the officials acknowledged that, even if legislation requiring the use of currency transaction reports is enacted, it will take the Mexican government up to 5 years or longer before the laws can be fully implemented because of the extensive administrative procedures and training that would be required.

To follow up on mutual concerns discussed during the U.S. Secretary of Defense's October 1995 visit to Mexico, military and diplomatic representatives of the two countries met in San Antonio, Texas, in December 1995. According to a U.S. participant at this meeting, representatives of the Mexican government proposed that an agreement

be developed for future transfers of military equipment. With such an agreement, equipment could be quickly transferred to the Mexican government and the lengthy delays encountered in the past avoided. U.S. officials view this as an indication that the Mexican government and its military components are committed to stopping the flow of drugs through Mexico. According to U.S. officials, a formal agreement was signed in mid-April 1996, and the United States announced shortly thereafter its intention to transfer a number of helicopters and spare parts to the Mexican Air Force to enhance its role in interdiction and support for law enforcement activities. Twenty UH-1H helicopters are scheduled to be transferred in fiscal year 1996 and up to 53 in fiscal year 1997. According to the Department of State, details about how the pilots will be trained, as well as how the helicopters will be operated, used, and maintained, are being worked out.

In March 1996, Presidents Clinton and Zedillo established a high-level contact group to better address the threat narcotics poses to both countries. The Director of the Office of National Drug Control Policy (ONDCP) co-chaired the first contact group meeting in Mexico City in late March, which met to review drug control policies, enhance cooperation, develop new strategies, and begin to develop a new plan of action. At the conclusion of this meeting, the contact group issued a 10-point joint communique that called for action, such as developing a joint antinarcotics strategy, increasing counternarcotics cooperation, and implementing laws to criminalize the laundering of drug profits. Binational working groups have been formed to plan and coordinate implementation of the contact group's initiatives. A follow-up meeting is scheduled during the summer of 1996 in Washington, D.C. According to ONDCP officials, the joint antinarcotics strategy is expected to be completed in late 1996.

Agency Comments and Our Evaluation

ONDCP and DEA provided comments on a draft of this report (see apps. I and II); the Departments of State and Defense provided oral comments; and the Department of Justice provided informal comments. ONDCP and the Departments of State and Defense generally agreed with the report's content and major conclusions. ONDCP, in commenting on reduction in interdiction resources available for activities in the transit zone and source countries, stated that these reductions were largely the result of congressional action. DEA, however, raised concerns that the draft report did not accurately reflect the many positive counternarcotics initiatives undertaken by the governments of Mexico and the United States. We, consequently, updated the report to reflect Mexican legislative initiatives

and bilateral efforts. We also made changes to reflect additional information provided by the Department of Justice, as well as other agencies.

Scope and Methodology

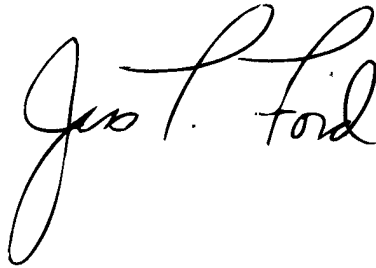
To obtain information for this report, we spoke with appropriate officials and reviewed planning documents, studies, cables, and correspondence at DOD and the Department of State, the U.S. Customs Service, DEA, the Federal Bureau of Investigation, and ONDCP in Washington, D.C. In addition, at the U.S. Embassy in Mexico City, Mexico, we interviewed the Ambassador and the Deputy Chief of Mission. We also interviewed responsible officials from the Narcotics Affairs, Political, and Economic Sections; the Defense Attaché Office; the Military Liaison Office; the Information Analysis Center; DEA; the Federal Bureau of Investigation; the U.S. Customs Service; and the Department of the Treasury. We also attended various drug-related meetings and reviewed documents prepared by U.S. Embassy personnel.

To obtain the views of the Mexican government, we met with representatives of the Mexican Embassy in Washington, D.C. In Mexico City, Mexico, we met with the Mexican Secretary of Foreign Relations; the Deputy Foreign Minister for North American Affairs; the Coordinator for Counternarcotics Programs (Secretaria de Relaciones Exteriores); the Deputy Attorney General (Procuraduria General de la Republic Sub-Procurador Juridico); the Deputy Finance Minister (Secretaria de Hacienda y Credito Publico); and representatives of the Ministry of Defense. We also visited the Mexican Attorney General's aircraft maintenance facility in Mexico City, Mexico, where we met with Mexican government officials responsible for maintaining the 30 U.S.-provided UH-1H helicopters and the Mexican air interdiction fleet. At the maintenance facility, we also met with U.S. officials responsible for developing a spare parts inventory system for the Office of the Attorney General. Information on Mexican law in this report does not reflect our independent legal analysis but is based on interviews and secondary sources.

We conducted our review from January through June 1996 in accordance with generally accepted government auditing standards.

We are sending copies of this report to other congressional committees; the Secretaries of State and Defense; the Attorney General; the Administrator, Drug Enforcement Administration; and the Directors of the Office of National Drug Control Policy and Federal Bureau of Investigation. Copies will also be made available to other interested parties upon request.

If you or your staff have any questions concerning this report, I can be reached on (202) 512-4268. The major contributors to this report were Allen Fleener and George Taylor.

A handwritten signature in black ink, reading "Jess T. Ford". The signature is written in a cursive style with a large, looping "J" and "F".

Jess T. Ford, Associate Director
International Relations and Trade Issues

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Abbreviations

| | |
|-------|--|
| DEA | Drug Enforcement Administration |
| DOD | Department of Defense |
| ONDCP | Office of National Drug Control Policy |

Comments From the Office of National Drug Control Policy



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

May 31, 1996

Jess T. Ford
Associate Director
International Relations and Trade Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Ford:

Thank you for the opportunity to comment on the draft report *Long-Standing Problems Continue to Hinder Interdiction Efforts in Mexico*.

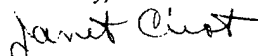
While this report provides an accurate historical review of drug cooperation with Mexico, a more complete picture of the situation requires additional information, particularly with respect to two key points.

GAO notes that agencies involved in drug interdiction in the transit zone have seen successive cuts in their interdiction budgets over the past several years, leading to dramatic reductions in the resources available in both the transit zones and the source countries. The report omits any reference to the fact that these cuts were largely the result of Congressional action.

Second, in addition to the 1992 interagency Mexico strategy discussed in the report, ONDCP's 1994 Classified Implementation Guidance supports the Administration's objectives in improving counterdrug cooperation with Mexico. The 1996 Guidance, which will be finalized and approved this summer, will set forth the implementation framework to meet the goals and objectives of the 1996 *National Drug Control Strategy*, including our goals in Mexico.

Thanks again for sharing your draft with us. I hope you will find our comments useful.

Sincerely,


Janet Crist
Chief of Staff

Comments From the Drug Enforcement Administration

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



U.S. Department of Justice


Drug Enforcement Administration

Washington, D.C. 20537

JUN 3 1996

MEMORANDUM

TO: Jess T. Ford
Associate Director
International Relations and Trade Issues
General Accounting Office

FROM: Stephen H. Greene 
Deputy Administrator

SUBJECT: Review of Drug Control, Long-Standing Problems Continue to Hinder
Interdiction Efforts in Mexico

This is in response to your request of May 13, 1996, to provide the General Accounting Office (GAO) with the Drug Enforcement Administration's (DEA) comments regarding the above-entitled draft report. DEA will only address the major contextual facts and language. On point, however, the draft report emphasizes the negative aspects of the counternarcotics endeavors undertaken by the United States and Mexico and does not give significant recognition to many of the positive initiatives and results. These initiatives include operational and legislative successes as well as the fact that Mexico is taking a proactive approach to become a leader in the counterdrug effort throughout the region.

With that said, DEA's specific comments and concerns are set forth below:

- Page 2, Results in Brief. GAO should revise this section to properly reflect no significant increase in heroin and a decrease in marijuana entering the United States through Mexico in recent years. In addition, the general statement that the amount of drugs seized and the number of drug-related arrests in Mexico has fallen is misleading. DEA points out that some seizures are up and some are down, depending on the category of drug. Furthermore, the use of the language "the current government of Mexico appears committed" does not fully convey the positive action taken by the Mexican government to pass and enact certain legislative initiatives to strengthen its ability to address the drug problem. DEA believes more emphasis should be put on the Mexican government's commitment to demonstrate its willingness to fight drug trafficking.

See comment 1.

See comment 2.

Appendix II
Comments From the Drug Enforcement
Administration

See comment 1.

Also, GAO should further define its use of the term "unsuccessful" when describing the effort to stem the flow of drugs. For instance, there have been several high-level arrests of major drug traffickers in recent years by the Mexican authorities that have disrupted the activities of major drug organizations. Therefore, does the term "unsuccessful" mean unsuccessful in obtaining the necessary funding, equipment, and other assets to more efficiently accomplish their strategic objectives?

Now on p. 3.
See comment 1.

- Page 4, first paragraph. DEA recommends that GAO revise its report to reflect DEA's position that Mexican heroin is the predominate form of heroin available in the western half of the United States and Mexico is the number one source of foreign marijuana coming into the United States.

See comment 3.

See comment 1.

- Page 4, second paragraph. GAO should modify its report to accurately reflect that aircraft using the western Caribbean corridor and the eastern Pacific corridor either land in Mexico or Central America, rather than Mexico or Guatemala. In addition, drug shipments do not only follow overland routes, but sometimes are flown from southern to northern Mexico. Also, the last sentence referencing only 15 air trafficking events during 1995 does not explain the relevance to cocaine smuggling.

See comment 1.

- Page 5, first full paragraph. GAO should modify its report to accurately reflect that in 1994, some trafficking groups began to also use large 727 type aircraft. In addition, since 1993, traffickers have been using maritime smuggling techniques to frustrate the United States and Mexican interdiction efforts.

Now on p. 6.
See comment 1.

See comment 2.

- Page 5, second paragraph. DEA cannot accurately estimate the actual amount of methamphetamine available in the United States since it is clandestinely produced. DEA, however, through its ongoing investigations and intelligence sources, believes that the vast majority of the methamphetamine available in the United States is either produced by Mexican traffickers in Mexico or California. Therefore, GAO should revise its report to reflect this fact.

See comment 1.

- Page 6, first full paragraph. GAO should revise the fourth sentence to read "According to DEA, Mexican drug trafficking groups oftentimes receive..."

See comment 1.

- Page 6, second paragraph. GAO should revise the first sentence to more accurately reflect Mexico as an attractive money laundering country so as not to project the opinion that the drug traffickers have completely abandoned the other traditional money laundering countries (e.g., Panama and Cayman Islands). In addition, GAO should revise the third sentence to more accurately reflect that, in 1994, the Mexican government estimated that the gross revenues of the Mexican drug trafficking organizations were \$30 billion and United States officials estimated the gross profits were approximately \$10 billion. Accordingly, page 12, first full paragraph, should also properly reflect the \$30 billion as gross revenues.

**Appendix II
Comments From the Drug Enforcement
Administration**

- Page 6, second paragraph. Change "19" in last sentence to read "some of the major" organizations.
- Pages 7 and 8. GAO's presentation of the facts does not fully explain the cause and effect of the United States and Mexican counternarcotics activities. For example, the bilateral enforcement initiative to target air transportation of drugs during the early 1990s caused the traffickers to switch to maritime transportation which is harder to detect and target. Furthermore, GAO's presentation of the 1992 through 1995 statistical information makes it appear that Mexico's drug arrests have been on a steady decline. This is not the case if you compare the number of arrests in 1995 (9,900) to that in 1991 (8,762). DEA notes that this increase of arrests occurred even though Mexico's 1995 cocaine seizures were less than half (22 metric tons) of those in 1991 (50 metric tons).

Also, DEA disagrees with GAO's interpretation of the reason why Mexico initiated the policy in January 1993 to assume all costs of its counternarcotics effort. One of many contributing factors to the "Mexicanization" of its counternarcotics effort is that Mexico wants to be recognized as a leader in the Central American Hemisphere. Moreover, the United States over the years has been aggressively promoting that other countries need to be more self-reliant in addressing their counternarcotics issues.
- Page 9, second paragraph. DEA points out that there are no photographs of the November 1995 incident regarding the off-loading of a cargo jet that can specifically identify any individuals since all the photographs were taken from an aircraft. Therefore, please remove any reference to such a photograph that can positively identify Mexican federal and state personnel. In addition, the reference to the March 1993 incident regarding the arrest of 16 officers in the National Institute for Combating Drugs actually occurred in March 1995. Please correct the report to reflect this fact.
- Pages 11 through 24. Many of Mexico's legislative initiatives referenced in this report have either been passed, enacted, or are waiting to be enacted. To assist GAO in appropriately revising its report, DEA is attaching a list of legislative actions by the Mexican government and the current status of each as of May 23, 1996.
- Page 13, last paragraph. GAO should revise the second sentence to read "... attractive for potential traffickers to use Mexico to transship pseudoephedrine, ephedrine, and other chemicals.
- Page 20, first full paragraph. GAO should revise the reference to the November 1995 flight of the Caravelle cargo jet to show that the jet reportedly contained up to 15 tons of cocaine.
- Page 27, first paragraph. DEA requests that GAO either remove this paragraph or rephrase it to more appropriately reflect the known facts as follows: During our field work at the U.S. Embassy in Mexico City we requested certain DEA information. DEA's

Appendix II
Comments From the Drug Enforcement
Administration

- Page 27, first paragraph. DEA requests that GAO either remove this paragraph or rephrase it to more appropriately reflect the known facts as follows: During our field work at the U.S. Embassy in Mexico City we requested certain DEA information. DEA's Mexico City Country Office either provided this information on-site, when feasible, or directed GAO evaluators to the appropriate DEA Headquarters components. A summary report of Special Enforcement Operations (SEO) was not available for distribution until May 22, 1996 and, therefore, was not part of this report.

DEA will provide GAO under separate cover with a detailed accounting of the specific documents/information it gave the team as well as a copy of the now complete summary report of SEOs.

Finally, please include the Attorney General and the Director, Federal Bureau of Investigation, on the distribution list of this report.

If you have any comments or wish to meet with DEA representatives, please contact Audit Liaison Frank Proietti at (202) 307-8328.

Attachment

cc: Vickie Sloan
Audit Liaison Office
Justice Management Division

The following are GAO's comments on the Drug Enforcement Administration's (DEA) memorandum dated June 3, 1996.

GAO's Comments

1. The report text has been modified to reflect this information.
2. We believe that the report presents an accurate portrayal of actions taken by the Mexican government.
3. This discussion has been deleted from the final report.
4. We presented information from 1992 to illustrate changes that have taken place since the institution of Mexican efforts to implement their own counternarcotics policy.
5. We have discussed this issue with DEA and the situation is currently under review.